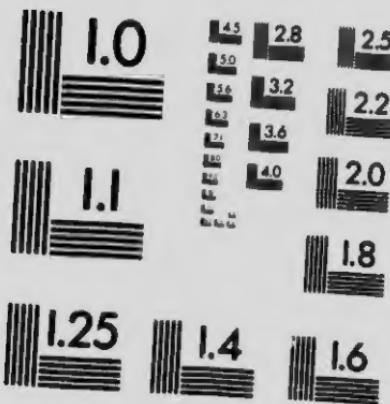


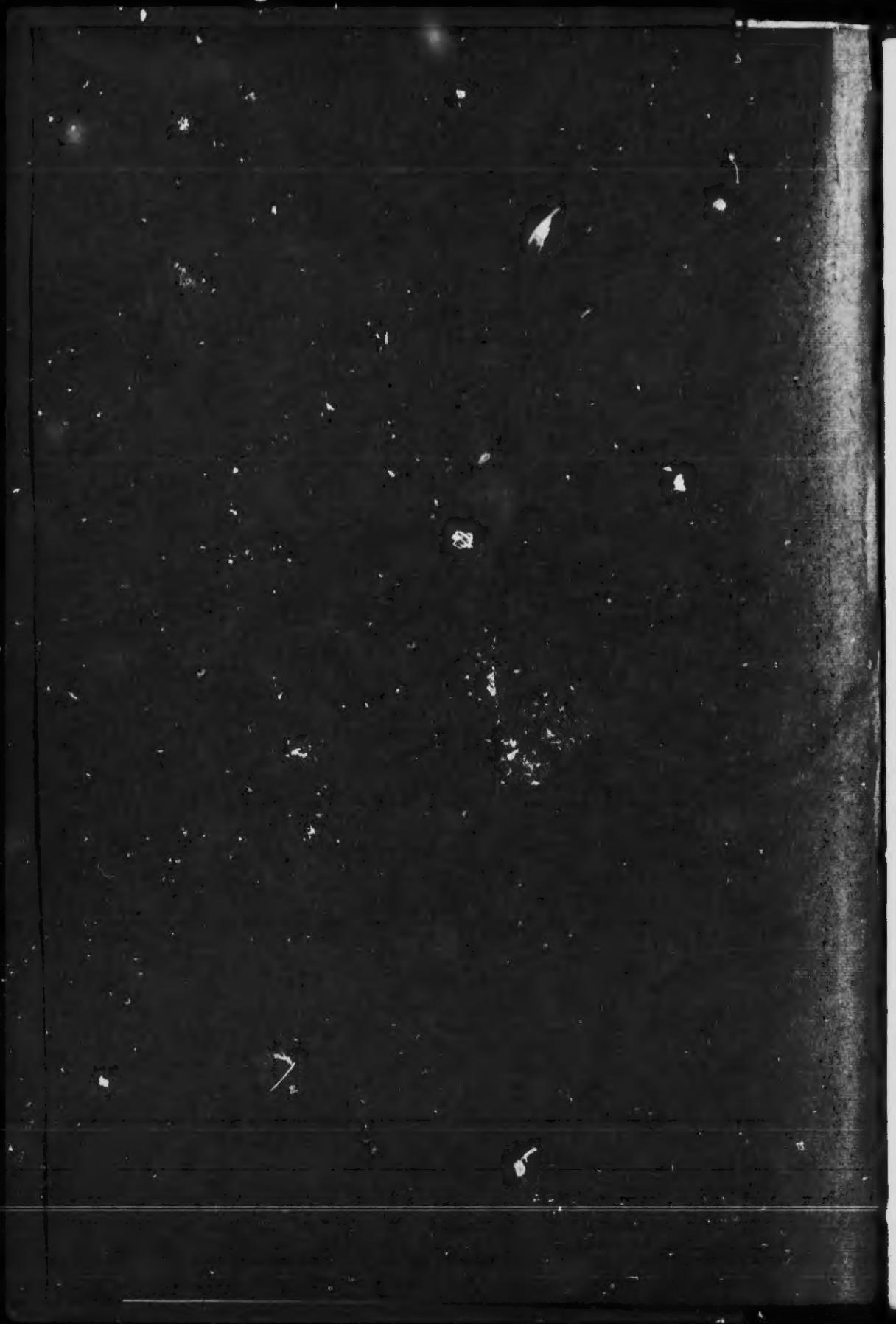
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CONSERVATION OF CANADIAN TRADE



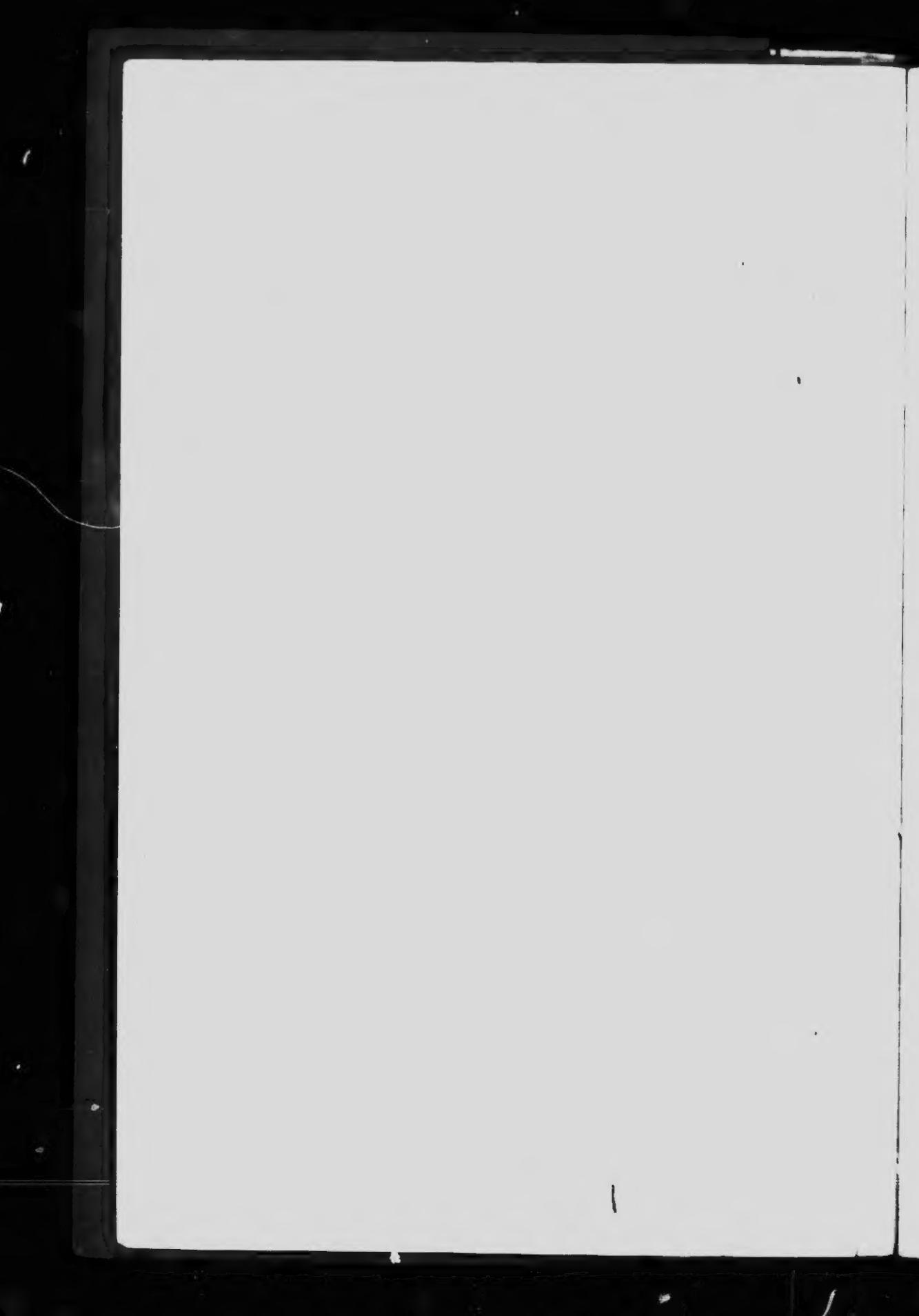
BY

HON. FREDERIC NICHOLLS

CHAIRMAN, SPECIAL COMMITTEE OF THE SENATE OF CANADA
ON CONSERVATION OF CANADIAN TRADE

TORONTO, CANADA
1918

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FOREWORD

The uncertainty regarding trade conditions after the war is presently giving cause for grave anxiety to business men throughout Canada.

The balance of trade is now greatly in our favour and Canada is prosperous; in fact, so prosperous that little heed is being given to preparation for the inevitable "Slump" that will be experienced when the demand for our output diminishes and present high prices are no longer current.

Undoubtedly much could be accomplished by the mobilization of our resources, intelligent co-operation in producing and selling, and courageous effort on the part of the Government which is well advised as to the problems to be met.

In the following pages I have reproduced addresses and letters in which I have dealt with facts and advanced certain suggestions which, if adopted, may be of value in the conservation of Canadian trade.

In time of war we should prepare for peace, and it will be un-fitting to our dignity as a patriotic and resourceful Dominion if prompt and decisive preparations are not made to meet the new conditions which we will soon be called upon to face.

FREDERIC NICHOLLS.

Toronto, January 22nd, 1918.



PREPARE FOR TRADE AFTER THE WAR

Well-devised Plan of Action is Necessary—The Government Should Act.

(Written for the *Monetary Times*, January 4th, 1918, by
Hon. FREDERIC NICHOLLS.)

Perhaps nothing is more essential at this stage of Canada's history and development than constructive statesmanship that will take heed of the future and prepare for it, in addition to guiding the ship of state through the tempestuous times we now live in. In the marts of trade, in the banking house, and in all places where men of business most do congregate, one of the common topics of discussion is in regard to trade conditions after the war. All realize the serious import of unpreparedness, and yet nothing has been done, collectively, even to lay the first plank for the construction of a platform from which a definite and virile policy can be advocated. After the war, the deluge, is a prevailing impression, and, while there is yet time, no preparations are being made to meet the certain dislocation of trade and possible panic that may threaten.

To-day, hundreds of millions of dollars are being expended in the country by Great Britain and her Allies for war materials and natural products. To-morrow this inflow of gold may cease, our trade become stagnant, and, through lack of earning capacity, payment of the interest on our debt may become a serious problem. Of what avail is a war profits tax or an income tax when war profits shall be non-existent and income shall become shrunken? The people of Canada are too prosperous to-day to look ahead for to-morrow, and the Government is too occupied with present problems to desire to attend to matters that are not at the moment pressing and which can be pushed aside with promised consideration to-morrow—and to-morrow never comes.

Is temporizing wise; is it constructive statesmanship; and are those in authority awake to a realization of the peril which threatens us? Is it not as incumbent on a nation to look ahead in order to safeguard and protect its people as it is for the head of a family to make provision for his dependents by life insurance or other means? It is true that Canada has astonished the world with an exhibition of its capabilities, its latent resources, and its generosity. The numbers

of our volunteer forces, as compared with the total available, evidence the highest form of patriotism. The totals of our war loans, including the late Victory Loan, have evidenced the desire of our people generally that Canada shall play a man's part in the terrible conflict, which has now waged for three years, and the end of which is not in sight. Our subscriptions to the Patriotic Fund, Red Cross Society, sailors' relief funds, and for innumerable other worthy causes have shown the spirit of the people, and the magnitude of the services rendered in so many ways by the women of Canada has proved them to be fit mothers and sisters of courageous manhood.

Is this sufficient, however, great though it may be? Shall we adopt the motto, "Sufficient for the day is the evil thereof," or the more trite and homely one, "You will never miss the water till the well runs dry"? After the war the present sources of our income will to a large extent fail us and run dry, and we must look far afield for new sources. After the war great industries will have their machinery lying idle, and many thousands of work people now employed in the production of war materials will likewise be idle, and the ranks of the unemployed will be augmented by the tide of returning soldiers who must be found suitable employment, so that after fighting to protect us in our right to live as free people they may honourably, by their labour, add to our future prosperity. One cannot make bricks without straw.

THE DUTY OF THE STATE.

A factory cannot operate without orders; the farmer and the lumberman cannot produce without customers; and the Government cannot "carry on" without an income from taxation that will provide the public with efficient public service, public utilities, and transportation and educational facilities. The ability to pay taxes necessitates the earning of an income, and the average income is based upon prosperous commercial conditions which afford employment to capital, brains and labour. Is it, then, not incumbent on the State to assist in the development of overseas trade to take the place of export war orders when the latter cease?

The significance of the present situation was debated in the Senate during its last session and a special committee on the conservation of Canadian trade was appointed. This committee held many sessions and listened to evidence given by men of outstanding ability, who were invited to present their views. In due course the committee submitted a report, which was unanimously approved by both sides of the House. A copy was forwarded to the Right Honourable the Prime Minister, with the request that due regard and consideration be given to the question of overseas trade to replace in part the present great volume of orders for war materials. It may be asked, "Where can trade be found to replace the war-time orders?" and the question

may be answered by quoting from one of the speeches in the Senate debate:—

"The countries now at war, however, particularly those that have been devastated in Europe, will require to expend immense sums in reconstruction, and will become customers of those countries which are most ready to supply the requirements promptly and at a reasonable price. In this country we have had little experience in either looking for or catering to an export trade, and if we desire to share in the volume of business that will be offering overseas we can make our preparations none too soon."

It may also be asked, "Have our manufacturers the ability to produce in competition with other countries?" and again the question may be answered by another quotation from the same debate:—

"Since the war, as I have pointed out, we have manufactured and shipped upwards of six hundred millions of dollars worth of munitions alone, and I speak with knowledge when I say that the production of munitions is the most intricate, the most delicate, and the most precise class of manufacture that could be undertaken. It was an entirely new industry to Canada, and it is a credit to Canadian industry that in such a short time so many existing factories were re-organized and so many new ones established that have turned out such an immense quantity of munitions, and thereby brought to Canada so large a sum as six hundred million dollars for munitions alone. If the manufacturers, when the need arose, were able to accomplish such results, I take it that they would be equally resourceful in manufacturing many other lines of goods for export that will be required by the European countries, we hope, at no late date, but in order to bring this about some systematic method of State ~~and~~ will have to be adopted."

ABILITY OF CANADIAN MANUFACTURERS.

It is now generally known that Canadian manufacturers have shown wonderful executive and constructive ability in the manufacture of munitions, and it is also a fact that they are making them—at least selling them—at a lesser price than is obtained in Great Britain and the United States, and, consequently, there should be no misgiving as to their ability to cater for the world's trade in any branch of industrial enterprise.

Germany has already set the pace in preparedness for after-war conditions, and Sir Robert Borden, in speaking at Manchester during his last visit to England, said:—

"It is believed that the industries of Germany will be supported and developed in future by a more thorough and powerful state organization than ever known."

Great Britain has also taken action, and, on the recommendation of a special committee appointed by parliament, the British Trade

Corporation has been organized to assist in obtaining orders from abroad for British manufacturers and traders and to grant financial facilities for the execution of such orders. The United States has also taken action by the formation of an export trade organization, whose objects are the same as those of the British Trade Corporation. Japan and Australia have also taken action along the same lines, and is it fitting that Canada should be the only country to lag superfluous on the stage? If it is wise in times of peace to prepare for war, it is equally essential in times of war to prepare for peace, and "If it were done, 'twere well it were done quickly." The financial, industrial and commercial interests should co-ordinate their efforts, and, in co-operation with the Government, evolve some well-devised plan of action to the end that prospective loss of trade, which may threaten the welfare of the community should, so far as possible, be offset by an official or quasi-official organization, which, acting on behalf of the trade interests of Canada as a whole, will accomplish results that individual efforts could not possibly achieve.

CALL TO ACTION.

In January of last year the fourth National Foreign Trade Convention was held at Pittsburg, and in the report of the proceedings appears the following passage from an address by one of its members:-

"As I have pointed out, export trade development to-day has three great needs. The first is leadership; the second, a definite policy; the third, the acquirement and dissemination of all export knowledge available. Leadership logically falls to the bureau of trade and commerce. Being a governmental department, it commands the respect and confidence of all elements of our commercial life."

The Right Honourable Sir George E. Foster, our own Minister of Trade and Commerce, some months since issued an eloquent "Call to Action," but, so far as I am aware, the call has not been answered neither has any action yet been taken. We know that if we prepare the land and plant the seed a greater or lesser crop may be expected, but if the land be neglected and seed not planted, we may be reasonably sure of a crop of thistles. The Government issued the call to action, but has itself taken no action. Government leadership is essential, and it will be found that the business community is both ready and willing to rally round them. It is admitted that most momentous problems now occupy their attention, but that is no reason why a future problem of such momentous import should not be given full consideration, otherwise we cannot expect to reap a harvest where we have not planted the seed.

GOVERNMENT ACTION VITALLY NECESSARY

To Aid in Development of Foreign Trade—Efficient Methods of Co-operation in Production and Marketing Needed to Give Canada Her Fair Share in Overseas Trade.

(Written for the *Financial Post*, November 24, 1917, by
HON. FREDERIC NICHOLLS.)

The reconstruction period in Europe after the war offers to Canada many opportunities for extending her trade, but before we can reap we must sow. That is to say, we cannot improve the opportunity to extend our overseas trade unless we first assume the responsibilities of making adequate preparations. These responsibilities have been promptly recognized in other countries, and perhaps a recital of some of them as set forth by the National Foreign Trade Convention of the United States may be of interest. The convention committee in its report said:—

"Our trade must depend for its future development upon the efficiency of our agricultural and industrial production, upon the enterprise of American manufacturers, merchants, and bankers, and upon the training of the youth in our schools, colleges and universities. The wider distribution of the benefits of foreign trade is dependent upon the participation of a steadily increasing number of industries and enterprises of moderate size. Government agencies, the Department of State, with its diplomatic and consular services, the Department of Commerce, etc., can assist American enterprise by the negotiation of advantageous commercial treaties, by collecting and disseminating information regarding foreign markets, and suggesting improved financing, selling, and purchasing methods."

The United States have had wider and longer experience in catering to foreign trade than has fallen to our lot in Canada, and therefore should be well advised as to the responsibilities to be assumed, and an analysis as to where we are found wanting should be educational. The report first says "Our trade must depend for its future development upon the efficiency of our agricultural and industrial production."

Dealing first with agricultural production, can it not be said that our crops have steadily increased until to-day we are one of the largest exporting countries of wheat, butter, cheese, bacon, and other

farm products? In the Western Provinces, where most of our export wheat is grown, efficient production has been stimulated by almost a superabundance of transportation facilities, by privately-owned and state elevators, experimental farms, agricultural colleges, and by a generous distribution of printed matter dealing with all subjects pertaining to the economical operation of the farming industry.

Dealing next with industrial production, which has had to depend upon private capital and individual enterprise, it cannot be said that it has been inefficient. Without submitting statistical tables, which are always tedious reading, the intelligent and thorough manner in which our manufacturers established the munitions industry in this country will always be a monument to their efficiency and enterprise.

CO-ORDINATION OF EFFORT REQUIRED.

It may then be fairly argued that our agricultural and industrial production is efficient, relatively as efficient as that of the United States, but what is lacking is co-ordination of effort between the agricultural and manufacturing industries and the Government. The farmers and manufacturers have proved their ability and efficiency, but I am sorry to say that the Government may be charged with inefficiency and procrastination in dealing with this great problem. It is true that a few commercial agents under the direction of the Department of Trade and Commerce send commercial reports from foreign countries, and the weekly trade bulletin published by the department is excellent in its way but of little practical value without an energetic selling organization. Such an organization should be directed by the Government, or by a commission or trade corporation in sympathetic co-operation with the Government. If it were under Government control or supervision trade jealousies would be eliminated, the respect of the commercial community would be assured, and its prestige abroad would be such as no private undertaking could hope to imitate.

It has been estimated that the cost of reconstruction in France alone, irrespective of Belgium, Italy, Russia, Roumania, and Servia, will amount to a thousand millions of dollars. France has to-day over seven hundred and fifty towns in the war zone demolished wholly or in part, and more than three times that number of towns, besides several of its cities of over a hundred thousand population each, are still held by the Central Powers. Individual firms of great financial responsibility may of course send agents abroad to try and secure contracts for a portion of the immense volume of trade which will be offering, but the relative advantage to Canada as a whole would be negligible as compared with what might be accomplished would the Government only realize the possibilities and awaken to action.

MUNITIONS MAKERS SET PACE.

The British Government appointed the Imperial Munitions Board primarily for the purpose of securing a new source of supply of munitions, which they sorely needed. The result has been a revelation to the British authorities, who never dreamed that so promptly we would be sending abroad a never-ending stream of munitions amounting in value in the aggregate to hundreds of millions of dollars. If securing these orders had been left to individual enterprise the result would have been comparatively insignificant, but a central authority with Imperial prestige so co-ordinated production that hundreds of individual firms were mobilized and thereby not only rendered inestimable aid to the Allies during a time of stress but brought prosperity to Canada, afforded employment at a time when the unemployed situation had become critical, and enabled the country to assume great financial obligations for its share in the prosecution of the war, which otherwise could not have been done.

Is it not reasonable to suppose that, if a Canadian trade board, under Government auspices, should be organized to conserve Canadian trade during the period of trade dislocation after the war, immeasurably great results could be achieved? Could not such an organization mobilize our industries and our natural resources so as to insure that a proportion of the orders for after-war requirements of the European countries would be directed to our shores? Nero fiddled while Rome burned, and I am afraid that unless some effort is made by those in authority to give most serious consideration to what, next to winning the war, is I believe the most serious problem we have and which concerns every class of our community, there will be a rude awakening. At such time it will then be too late although when the error of inaction is discovered we will no doubt expend many times the effort now needed in a futile attempt to "Shut the stable door after the horse is stolen."

SHALL CANADA HAVE A NATIONAL SHIP- BUILDING INDUSTRY?

Capital Once Available, but Proposal Opposed by Farmers Though They Have Most to Gain, as Ships are Vitally Needed to Move Their Products.

(Written for the *Financial Times*, January 12, 1918, by HON. FREDERIC NICHOLLS.)

Some years ago a deputation waited upon the Hon. Mr. Fielding, then Finance Minister, requesting that a bounty on tonnage be given by the Government for steel ships built in Canada. At that time the necessary capital was available for investment, provided some form of protection had been given, but, after much correspondence following the interview with the Finance Minister, it was decided that no encouragement could be extended to the steel shipbuilding industry. Members of the deputation were further advised that the principal opposition came from members of Parliament representing rural constituencies, and the farming community were alleged to be opposed to protection to industry in any form.

The march of events has proven that, if at that time the shipbuilding industry had been encouraged, Canada might at this time have had shipyards equipped and in operation that would have been of inestimable value to Canada and the Allies, and the irony of fate is shown by the fact that perhaps no class of our community is at a greater disadvantage over the lack of ships for ocean traffic than the farmers themselves, whose grain and produce cannot now be readily transported.

All of the above is past history and is referred to only because history has an awkward knack of repeating itself, but it is just as necessary now as then to prepare against eventualities, having in mind that in a few years the grain production of the Northwest Provinces should be doubled, and this product should be carried over our own railways to our own seaports and thence to destination in Canadian bottoms. The construction and operation of our own ships would result in the increase of our national income and our domestic prosperity; would afford greater facilities for the sale abroad of products of the soil and industry, and for the importation of foreign raw materials and finished products necessary to our well-being and advancement.

I have mentioned that farmers were said to be averse to protection or assistance being extended to the shipbuilding industry, and yet no other class is more vitally interested. During the fiscal year ending 31st March, 1914, the year before the war, our exports of agricultural products and annual produce amounted to the great sum of \$198,220,-029.00, as against \$57,443,452.00 of manufactures exported. If the average farmer were asked to subscribe to a policy of extending our trade he would be apt to ask: "What have I to do with foreign trade? My chief interest is in access to a railway system and good elevator facilities." A few cents a bushel in the market price of his wheat should interest the farmer, and it is conceivable that if Canada built and operated her own ships this increase might be secured. In normal times grain moves easily from the producer to the export buyer, and ocean rates are not abnormally high as at present. A difference in price of a few cents a bushel may however swing the grain buying from one continent to another, and as we are now and in the future will be still more in competition with such grain producing countries as Russia, Argentina, India and Egypt, we must have at least equal or, if possible, superior shipping facilities to those enjoyed by our competitors if our farmers are to expect as high a percentage of profit.

IMPORTANCE OF ECONOMY IN TRANSPORTATION.

This is more important when it is further considered that the cost of farm labour in Canada is far in excess of all competing countries, except the United States; and therefore economy in transportation is more important.

Mr. B. F. Harris, President of the First National Bank of Champaign, Ills., himself a farmer, recently addressed the National Foreign Trade Convention of the United States, and in speaking of the advantages of a merchant marine, said:

"We should not hesitate at any reasonable subvention or bonus under proper regulations. Such a provision to assure us a shipping and a fair return to our investors will be returned a million-fold in the opportunity for outlet to all of our production. Labour and capital everywhere throughout the length and breadth of the Union, on the farm, in the factory, at every turn, would feel its pull."

The United States have realized the truth of this statement and in addition to commandeering 2,500,000 tons of shipping under foreign contract have placed contracts for ships of a combined capacity of over five million tons, to be built and delivered before the first of January, 1919. In addition to placing these huge contracts the United States Government is aiding the development of the shipbuilding industry in every possible way, and, to quote an example, the Government has authorized the Groton Iron Works of New London, Conn., to expend three million dollars in extending and equipping its plant for the construction of steel and wooden merchant ships for the United States Fleet Corporation.

Notwithstanding that this great output is about equal to a year's losses by submarines, we will in all probability after the war be still faced with a shortage of ships and still meet with high freight rates. To-day the bulk of Canadian-owned tonnage, including lake as well as ocean-going craft, has been sold outright to Great Britain or her Allies. Much of it has already been destroyed and no steps have been taken to again build up the Canadian merchant marine.

The countries owning ships will naturally give first place to their own requirements, and Canada will only be able to secure service by bidding high for it. This phase of the situation has been aptly set forth by Mr. Edward W. Reynolds in the course of an article published in *Industrial Canada*. He says:—

"Canada to-day enjoys a remarkably favourable trade balance. This can be maintained only by a continued excess of exports over imports. In the scramble for trade after the war Britain and the Allies will naturally want to carry most of their goods in their own ships, and the nation which owns the largest number of ships will naturally occupy the strongest position. Is it in the interest of the Canadian producers, the manufacturers, etc., to have the country dependent upon another country for the delivery of its goods? The Canadian manufacturers are being urged to prepare for the period after the war. They are asked to use every ounce of capacity and to adopt every means of increasing the amount of the range of their output. Can they be expected to do this and invest their money in manufacturing goods that cannot be delivered in the foreign markets unless another country feels disposed to loan its ships?"

HELP BRITAIN FIRST.

Our Government is advancing to the Imperial Munitions Board a large percentage of the great Victory Loan for the purchase of munitions and war supplies for the British Government. Would it not be a logical proceeding for our Government when paying for the ships to also own them, but lend them to Great Britain until after the war? If such a course were followed Great Britain would have the use of the ships during war time and Canada would own a merchant marine that after the war would be of incalculable value in the development of our own trade at a time when it will be almost impossible to charter ships owned in other countries.

That under favourable conditions both steel and wooden ships can be successfully built in Canada has been proven by the astonishing development that has taken place during the past year, and while our own Government has offered no direct encouragement to the Canadian shipbuilder it has done so indirectly by loaning, as set forth above, the necessary funds to the British Government to purchase ships built here. As in the munitions industry, another proof has thereby been given of what co-ordinated effort can accomplish and Canadian enterprise and industry has again shown its adaptability to undertake production on a large scale when properly mobilized and directed.

The Federal Government has done much to facilitate inland transportation by rail, in fact the credit of the country has been imperilled by the huge obligations undertaken for the construction of the Transcontinental Railway, the Grand Trunk Pacific Railway, and the Canadian Northern Railway. The strength of the chain is governed by the strength of the weakest link therein, however, and the cost of carrying grain from the prairies of the North West to the markets of Europe is governed by the link of ocean transport, which we in no way control. The atrophy of the Canadian marine deprives the country of profits at once possible and immense.

MILLION PEOPLE DEPEND ON RAILWAYS.

Including allied and subsidiary interests, over 200,000 persons draw pay from the railway industry in Canada, which is to say that not far short of a million Canadians are supported directly or indirectly by it. The money paid out remains in this country to increase the home market, and yet in the development of the country immense sums for ocean carriage now go into the pockets of the British or foreign shipowners, thereby detracting from instead of increasing our financial resources.

It has been said that there can be "No enduring prosperity without foreign trade," but in order to develop a foreign trade successfully we should secure co-ordination of our land and ocean transportation, and such a policy would enable us to compete with the subsidized overseas traffic of Germany and other competing nations. It would also develop the industry of shipbuilding, and thereby give employment to thousands of artisans, and not only afford material assistance to the Empire but add to our dignity as a self-supporting Dominion.

CANADA

The Debates of the Senate

OFFICIAL REPORT

SECOND REPORT OF THE SPECIAL COMMITTEE OF THE
SENATE OF CANADA ON THE CONSERVATION OF
CANADIAN TRADE, ADOPTED UNANIMOUSLY BY THE
SENATE;—

With the remarks of the Chairman of the Committee
in opening and closing the Debate on the Subject.

SPECIAL COMMITTEE ON CONSERVATION OF CANADIAN TRADE.

The Honourable Messieurs: Nicholls (chairman), Beaubien,
Dandurand, Edwards, Gillmor, McLennan, Richardson, and Watson.

SECOND REPORT.

Committee Room No. 69,

Thursday, July 19, 1917.

The Special Committee appointed to inquire into and report upon the best method or methods of conserving and increasing our domestic and overseas trade to the end that our present prosperity may not unduly suffer when the stimulus resulting from orders for munitions and other war supplies is removed, beg leave to make their Second Report, as follows:—

Your Committee have had under consideration for its first objective the best means of meeting the needs of Canadian trade after the war, with particular reference to

1. Securing orders for overseas trade to replace in part the great volumes of orders that during the war have been received for war munitions and supplies.

2. The financing of large overseas contracts.

After due inquiry your Committee are of the opinion that the organization of a trade bank to be known as The Canadian Trade Corporation would best meet the object. In arriving at this conclusion due regard has been paid to the evidence submitted before a Committee appointed by The British Board of Trade "to consider the best means of meeting the needs of British firms after the war." As a result of the report of the British Committee the Government of Great Britain has granted a Royal Charter to a trade bank known as The British Trade Corporation, having for its object amongst others the following:—

- (a) To afford advice and financial assistance to British commercial and industrial undertakings and generally to further the development of British trade, industry and commerce.
- (b) To assist in obtaining orders from abroad for British manufacturers and traders and to grant financial facilities for the execution of such orders.
- (c) To acquaint themselves with the conditions of trade and with the business requirements of all countries of the world and to enter into banking arrangements with such countries with colonial and British foreign banks, or where necessary to open up branches in such countries.
- (d) To establish, equip and maintain information bureaus in close touch with the Department of Commercial Intelligence of the Board of Trade for furnishing British merchants or manufacturers and the business community generally with reliable data and information upon openings for trade, new contracts, State and other loan and issue proposals, and generally upon all matters relating to foreign trade and business, and to undertake the examination of industrial projects.
- (e) To act as an agent for carrying through overseas commercial and financial transactions in which His Majesty's Government may be interested and to receive official recognition and assistance.

Your Committee have after inquiry ascertained that the chartered banks, or some of them, and leading industrial and commercial companies and individuals are willing to favourably consider undertaking the organization and operation of a Canadian corporation somewhat similar to the British organizations, and having for its object the conservation and extension of Canadian trade after the war. Your Committee have taken into consideration that the British Trade Corporation, although not directly operated under the control of the British Government, was nevertheless organized directly at the instigation of that Government, which has accorded them certain privileges and extended to them a certain measure of assistance and official recognition.

Your Committee therefore recommend:—

1. That the Senate of Canada forward to The Right Honourable the Prime Minister, Sir Robert Borden, G.C.M.G., a copy of this Second Report of the Special Committee on the Conservation of Canadian Trade, with the request that due regard and consideration be given to the importance and advisability of aiding in such manner as may be deemed prudent and advisable the formation of a Canadian Trade and Banking Corporation which will meet the requirements set forth.

All which is respectfully submitted.

FREDERIC NICHOLLS,
Chairman.

REMARKS OF THE CHAIRMAN OF THE COMMITTEE IN OPENING THE DEBATE.

THE SENATE.

Tuesday, June 5, 1917.

Hon. FREDERIC NICHOLLS rose to move the following resolution:

That, in the opinion of this Honourable House, it is expedient to appoint a Committee to inquire into and report upon the best method or methods of conserving and increasing our domestic and overseas trade, to the end that our present prosperity may not unduly suffer when the stimulus resulting from orders for munitions and other war supplies is removed; and that the Committee consist of Hon. Messrs. Beaubien, Edwards, McLennan, Dandurand, Gillmor, and the mover.

He said: Honourable gentlemen, on rising to address this House for the first time I bespeak your indulgence. The subject of the resolution is of the utmost importance, and I approach it with diffidence; but my endeavour will be to place before you such facts as I hope may impress you with the advisability of the appointment of a committee as suggested by the resolution. The subject is also one which could be dealt with at great length, and many arguments could be cited in favour of the plan suggested, but if I err it shall be on the side of brevity.

A PERIOD OF GREAT PROSPERITY.

Presently this country is, notwithstanding the war, but rather as a result of the war, experiencing a period of great prosperity. Prior to the commencement of the war Canada borrowed about three hundred million dollars each year from Great Britain, partly to pay interest on debts already contracted, and partly to develop our resources and for industrial investments. When the tocsin of war first sounded this source of supply was shut off immediately. For a short period trade and finance were severely disorganized, but the recovery was not long delayed, and our recent trade returns—and figures in the final analysis are what count—almost surpass belief. Quoting from the recent Budget speech of the honourable the Minister of Finance, I may point out that during the first year of the war the revenue from all sources was about \$130,000,000; it rose during the second year to \$170,000,000; but for the year ended the 31st March last the revenue increased to \$232,000,000. Our total war outlay since the beginning of hostilities is over \$600,000,000, and is constantly increasing, and this expenditure has been met partly from revenue and partly from the proceeds of domestic loans, which have aggregated \$350,000,000; and in addition our chartered banks have loaned to the Imperial Treasury over \$150,000,000 to meet its commitments for munitions and supplies purchased in Canada.

It should, however, be remembered that a very large proportion of our prosperity is the result of extraordinary orders for war materials and supplies, amounting to vast sums, some estimate of which may be realized when I cite the fact that orders received by the Imperial Munitions Board alone amount at this time, in round figures, to about one billion dollars, and that of this sum about six hundred million dollars has already been disbursed to manufacturers in payment for munitions, and that engaged in this manufacture, directly and indirectly, there are over 250,000 workers. Further vast sums have also been paid out in the purchase of grain and other farm products, machinery, clothing, woollens, and an infinite variety of Canadian natural and manufactured products. It is because of this that my resolution draws attention to the absolute necessity of some action being taken to minimize, if at all possible, the sad check this country will receive when this source of income fails us.

A PERIOD OF DISORGANIZATION.

After the war ceases there will certainly be a period of disorganization, when the balance of trade, which for some time past has flowed steadily in our favour, will commence to recede. The countries now at war, however, particularly those that have been devastated in Europe, will require to expend immense sums in reconstruction, and will become customers of those countries which are most ready to supply the requirements promptly and at a reasonable price. In this country we have had little experience in either looking for or catering to an export trade, and if we desire to share in the volume of business that will be offering overseas we can make our preparations none too soon.

When in Edinburgh during his recent visit to Great Britain, Sir Robert Borden stated that:

There was reason to believe Germany had before the war more thorough knowledge of the resources and development of the Dominion than could be found in the United Kingdom.

And again at Manchester Sir Robert Borden said:

It is believed that the industries of Germany will be supported and developed in future by a more thorough and powerful State organization than ever known.

Admitting that Germany in the past has built up her vast foreign trade largely through the help of the State, and admitting, as intimated by Sir Robert Borden, that State aid will be extended at even greater lengths after the conclusion of the war, it behoves us to consider whether we in Canada will leave to the individual the development of the foreign trade that might naturally go to Canada, or whether the Government of this country will, in some form, undertake to assist in the development.

Alexander Behr, vice-president of the Russian Chamber of Commerce, Moscow, in an article in the Journal of the Russian-American Chamber of Commerce, makes the claim that:

Germany's great increase in foreign trade up to the time of the war was due, more than to any other factor, to: first, the co-operation between her business men and her Government; and, second, the foresight and liberal methods of her bankers. Her banking facilities were shaped to suit conditions abroad, and her bankers came into direct and close contact with the people whose trade was sought. Credit conditions were studied at close quarters, and business was done through the banks.

Next to intelligent assistance from the State, it is obvious that in foreign trade the question of credit is the most important item, and in Canada our banking system does not tend to encourage the granting of credit for foreign exports other than on bills of exchange drawn against actual shipments, or commodities in elevators or warehouses. It is no criticism of the banks to draw attention to the fact that provision has not been made for a specific department for granting credit against exports of manufactured goods, for until now the necessity has not been urgent, and our manufactures had not prior to the war developed to the extent that they were in a position to cater to the world's markets.

Since the war, as I have pointed out, we have manufactured and shipped upwards of six hundred million dollars' worth of munitions alone, and I speak with knowledge when I say that the production of munitions is the most intricate, the most delicate, and the most precise class of manufacture that could be undertaken. It was an entirely new industry to Canada, and it is a credit to Canadian industry that in such a short time so many existing factories were reorganized and so many new ones established that have turned out such an immense quantity of munitions, and thereby brought to Canada so large a sum as six hundred million dollars for munitions alone. If the manufacturers, when the need arose, were able to accomplish such results, I take it that they would be equally resourceful in manufacturing many other lines of goods for export that will be required by the European countries, we hope at no late date; but in order to bring this about some systematic method of State aid will have to be adopted.

STATE AID IS NECESSARY.

That assistance in some form is necessary is not to be wondered at when we consider that even in Great Britain they have felt the necessity of grappling with the same problem. It has been admitted that the German national system of manufacturing for export, and the system of banking facilities for export trade, were far in advance of those which obtained in Great Britain, and having these facts in view the British Government appointed a committee known as "The Committee on the Financial Facilities for Trade." A perusal of their

report to the British Board of Trade is most illuminating. It is too voluminous to quote *in extenso*, but I bespeak your indulgence in quoting one or two of the salient clauses, one of which says:

We recognize that the British manufacturers may be frequently in want of finance of a kind which a British joint stock bank with liabilities could not prudently provide, whereas the German banks in particular seem to be able to afford special assistance at the inception of undertakings of the most varied description, and to have laid themselves out for stimulating and promoting and for carrying them through to completion. We conclude therefore that there is ample room for an institution which, while not interfering unduly with the ordinary business done by British joint stock banks, by colonial banks, and by British foreign banks and banking houses, shall be able to assist British interests in a manner that is not possible under existing condition bureau.

The report further recommended that the main features of the Trade Bank should be as follows:

It should not accept deposits at call or at notice.

It should open only current accounts for parties who propose to make use of the overseas facilities which it would afford.

It should have a foreign exchange department where special facilities might be afforded for dealing in bills in foreign curr. cy.

It should open a credit department for issuing of credits to parties at home and abroad.

It should inaugurate an information bureau.

Where desirable it should co-operate with the merchant or manufacturer, and possibly accept risks upon joint account.

It should become a centre for syndicate operations, availing itself of the special knowledge which it will possess through its information bureau.

It should receive Government assistance.

A BRITISH EXPORT BANK.

This report was not only seriously, but most favourably received by the Government, and, really at their suggestion, a British Export Bank, to be known as the British Trade Corporation, was promoted, and I have just received from Sir Albert Stanley, of the British Board of Trade, which is a department of the Government, a copy of the petition of the promoters, the deed of settlement, and the royal charter of incorporation. The petition of the incorporators, all men of the very highest standing in Great Britain, so fully sets forth the objects to be obtained that I make no apology for drawing it to the attention of this honourable House:

The humble petition of the Right Hon. Alexander Baron Faringdon, the Right Hon. Frederick Huth Jackson, Arthur Balfour, Frank Dudley Docken, C.B., William Henry Neville Goschen, John Henry Brunel Noble, and Sir James Hope Simpson, sheweth as follows:

Whereas a committee was appointed at the instance of Your Majesty's Board of Trade to consider the best means of meeting the needs of British firms after the war as regards financial facilities for trade and more particularly with reference to the financing of large overseas contracts:

And whereas the said committee issued a report whereby they recommended the establishment of an institution with the following primary objects:

- (a) To afford advice and financial assistance to British commercial and industrial undertakings from their inception and generally to further the development of British trade, industry and commerce.
- (b) To make advances for the enlargement of works and the extension of plant and for the amalgamation and co-ordination of works and businesses with a view to effecting economies in the cost of production.
- (c) To render financial assistance in connection with transactions involving long periods of credit.
- (d) To assist in obtaining orders from abroad for British manufacturers and traders, and to grant financial facilities for the execution of such orders, especially when such orders are intended to be executed in the United Kingdom.
- (e) To undertake credit operations and to draw and accept bills.
- (f) To acquaint themselves with the conditions of trade and with the business requirements of all countries of the world, and to enter into banking agency arrangements in such countries with colonial or British foreign banks, or where necessary to open up branches and agencies in such countries.
- (g) To establish, equip and maintain information bureaus in close touch with the Department of Commercial Intelligence of the Board of Trade for furnishing British merchants or manufacturers and the business community generally with reliable data and information upon openings for trade, new contracts, State and other loan and issue proposals, and generally upon all matters relating to foreign trade and business, and to undertake the examination of industrial projects.
- (h) To act as an agent for carrying through overseas commercial and financial transactions in which Your Majesty's Government may be interested and to receive official recognition and assistance.
- (i) To undertake trading operations and business on their own account or jointly with others either through the medium of syndicates or otherwise.

GRANTED A ROYAL CHARTER.

This petition was duly acted upon, and a royal charter granted, and I quote from the royal charter that portion of it which sets forth the powers granted under the act of incorporation:

- (a) To act as agents for any Governments or authorities, or for any bankers, manufacturers, shippers and others, and to carry on agency business of any description, including the power to act as attorneys and to give discharges and receipts.
- (b) To carry on business as contractors, merchants or traders on their own account.
- (c) To promote or finance or to assist in the promotion or financing of businesses and undertakings of any description, and to develop and prove the same, either through the instrumentality of syndicates or otherwise, and to act as an issuing house.
- (d) To enter into any partnership or other arrangements for sharing profits or on joint account.
- (e) To acquire and hold or dispose of any shares, stock, bonds, obligations, debentures, debenture stock, scrip or other securities or interests of any companies, trusts, or corporations, or of any Governments, States, Provinces, municipalities or other authorities.
- (f) To acquire and hold or dispose of any interest in any railways, tramways, ships, canals, docks, harbours, armament works, shipbuilding establishments, irrigation works, electrical works, gas works, water works, and in addition any carrying, transporting, trading, industrial, agricultural, financial, or manufacturing works, concerns, or business of any description, and to carry on the same.

- (g) To acquire and hold any interest in and to develop the resources of, and turn to account, deal with, pledge, and dispose of any territories, forests, mineral fields or other lands, possessions, buildings or property, real or personal, immovable or movable, in any part of the world, including lands, buildings, and other hereditaments in the British islands, notwithstanding the provisions of any statutes of mortmain or any other statutes or laws to the contrary.
- (h) To undertake and execute any trusts, and to act as executors, administrators, receivers and treasurers, and to give any guarantees.
- (i) To obtain, work or dispose of any concessions, charters, acts of parliament, or other legislative rights, monopolies, licenses, patents, copyrights, or other privileges or advantages.
- (k) To establish and maintain information and investigation bureaus, and to collect statistics, returns, particulars and information likely to prove useful for the consideration of business and financial propositions, and to undertake experimental and research work.
- (l) On behalf of any Governments, authorities or corporations, to keep any registers relating to any stocks, shares, debentures, debenture stock, or securities, and to undertake any duties in relation to the registration of transfers, issuing of certificates, or otherwise.

Now, honourable gentlemen, I think I have shown you that the great development of German trade abroad was brought about in a comparatively short time by an intelligent system of State aid, and by a system of banking specially developed for the promotion and extension of foreign trade. I have also shown that some of the keenest business men in England, members of a committee appointed by the British Government, have arrived at the conclusion that the only way for the British manufacturer to successfully compete after the war in foreign markets is to adopt a system somewhat similar to the German system, and that their recommendations have been approved by the Government, and a royal charter has been granted to a British trade corporation sympathetically in alliance with the Government and with an initial capital of ten million pounds sterling, the English joint stock banks evidencing their approval by generous subscriptions to the capital stock.

It is not my purpose to urge any definite line of policy, but I do urge that a committee of this House be appointed so that this important matter may be given serious consideration, with the hope that after the evidence of those in this country best qualified to advise in this matter has been heard it may be possible to formulate some plan that may measurably attain a result so greatly to be desired.

ADVANTAGES OF A TRADE BUREAU.

It is a question whether it would be, or would not be, too radical a proposition for the Government to consider establishing a trade bureau, or a department, which would actually sell Canadian products in foreign markets and distribute the orders received amongst Canadian producers of natural and manufactured goods. Such a plan to my mind has much to recommend it. A Government department as

sales agent would carry more weight than an individual or corporate body could. It would also be able to finance trade credits on a much lower basis of interest, and thereby create a trade that it would be impossible for the individual to develop. The proof that such a plan is feasible is at hand. The Imperial Munitions Board is a department of the British Government and has practically sold to that Government hundreds of millions of dollars worth of munitions in bulk, and has distributed this vast volume of trade amongst hundreds of Canadian firms, thereby saving the country from a period of depression when normal trade was dormant, affording profitable employment to thousands of both men and women who otherwise might have been a charge on the community. For further proof the War Purchasing Commission, a department of the British Government, may be cited, where we have millions of dollars worth of Canadian products sold to Allied nations, and the orders distributed broadcast to people who of their own initiative would never have sold in a foreign market.

When the war ends we run great danger of a panic through disorganized trade conditions, unless the Government lends a helping hand. Hundreds of millions of dollars have been granted to railways for the development of the country, hundreds of millions have been spent in the construction of canals and the development of our waterways, and we are to be called upon to advance millions for the construction of good roads; but of what advantage are these public works unless an expanding trade calls for their utilization? A few millions to risk in the development of trade is not too much to expect from a Government that has always stood for constructive statesmanship.

WEIGHTY PROBLEMS TO GRAPPLE WITH.

Honourable gentlemen, we in this country of ours have weighty problems to grapple with, and should we not meet them at least half way? There is work aplenty for every public-spirited citizen, and should not this honourable body, composed of men of experience and ability, blaze a trail through a wilderness of conjecture as to what may happen after the war?

As you all know, this country has challenged the admiration of the world through her whole-hearted efforts to play a man's part in the brotherhood of nations, and I think I may safely make the statement that friends and enemies alike have been astounded at what our small population of virile and sturdy northerners have accomplished. We have raised and equipped an army of over 400,000 fighting men, and outside of Great Britain's present effort I doubt if ever before in any country has so large a proportion of the male population of military age, without compulsion and of their own free will, offered to risk their lives in defence, not primarily of their own country, which has not been directly menaced, but in defence of liberty and humanity

under the Imperial flag. We have also mobilized our resources, financial, industrial, and commercial, until prosperity at present reigns, and this motion is made with the object that our prosperity may continue.

Colonel Theodore Roosevelt, ex-President of the United States, in an article entitled "The Lessons Canada Teaches Us," refers to Canada's efforts in the following eulogistic terms:

The flag that commands the respect of other nations and inspires amongst its own followers the high passion of loyalty must float over a land where there is well-distributed material well-being, but what is even more important where there have also been developed the stern and lofty virtues of resolute and adventurous valour, of trained prowess, of readiness for self-sacrifice, of power to render service, and of determined and unshakeable patriotism. These are the virtues which during the past two and a half years Canada has pre-eminently shown. She has passed through one of those times which try men's souls and which sift out the strong and the worthy from the weak and the unworthy. She has stood the test. She has proved her possession of those qualities that mark the people of masterful ability, able to shape their own destinies and to hold their own in the rough world of actual life.

Honourable gentlemen, is Colonel Roosevelt's complimentary reference to this country true, or is it untrue? Are we able to shape our own destinies and to hold our own in the rough world of actual life, or are we not? The war itself has been a lesson in unpreparedness, and let us take heed therefrom. I therefore venture to hope that this House will adopt the resolution for the appointment of a special committee, which resolution I have the honour of moving.

REMARKS OF THE CHAIRMAN OF THE COMMITTEE IN CLOSING THE DEBATE.

THE SENATE.

Wednesday, July 11, 1917.

Hon. FREDERIC NICHOLLS: Honourable gentlemen, if there are no further speakers on this question (Conservation of Canadian Trade After the War), I shall rise to close the debate. In doing so, I desire to express my great satisfaction at the manner in which this debate has been carried on and at the views expressed, which will no doubt be helpful, not only to the committee, but to those in the country who shall have the opportunity of reading it.

I was at somewhat of a disadvantage yesterday in rising to discuss the resolution presented by my honourable friend from Montarville (Hon. Mr. Beaubien), because, while his proposal was one of the utmost merit, and while he presented incontrovertible arguments in favour of it, I felt then, and I still feel, that the exhibition train alone, valuable as it will be, will not be of as great value as it might be if it

were supplemented by some method of following up the trade that might be induced by curiosity. The honourable gentleman read a letter from the Canadian Manufacturers Association, which dealt rather widely with the subject. I now take the liberty of reading a short resolution passed at the annual convention of the Canadian Manufacturers Association a week or so subsequent to the introduction of my resolution in this House. That resolution reads as follows:

Resolved, that, in the opinion of the Canadian Manufacturers Association, it is a matter of urgent importance that through some governmental channel inquiry be made into the best methods for conserving and increasing our domestic and overseas trade, to the end that our present prosperity may not unduly suffer when the stimulus resulting from orders for munitions and other war supplies is removed.

Further Resolved, that the Federal Government be petitioned to make immediate provision for such an inquiry, with a view to the preparation of a report that will supply a basis for organized effort in attaining the end desired.

The honourable the leader of the Government, yesterday, in discussing the resolution of the honourable member from Montarville, took the ground that these matters should all, or most generally, be in matters of individual effort. I quite agree with him that without individual effort we in this country will accomplish very little; but we cannot do it all by individual effort, as has been proven in a variety of ways. Let me cite, for instance, the Joint Stock Companies Act.

INDIVIDUAL EFFORT SUPPLEMENTED.

That Act is based on the principle that an individual cannot alone carry on a great enterprise, and then makes provision that a number of individuals may do so in co-operation, and for that purpose will be given certain privileges, such as the privilege of limited liability. I may instance insurance companies, and many others. There is the Western Grain Growers' Association, a co-operative association which has, I believe, amassed a considerable amount of wealth. In all countries, especially young countries, individual effort must be helped wisely by the Government of the day. We are all proud of the banking system of Canada; but if our great chartered banks were not given such privileges as that of issuing notes over and above the amount of their paid-up capital, does any one suppose that they could have enabled the business of the country to be carried on in the way they have done, or that they would now be such a tower of strength, not only to the Government of this country, but to the British Government? Therefore, when a proposition in the interest of the industrial development of the country is laid before the Government through the medium of this House or of the other branch of Parliament, I claim that it is hardly fair that it should be regarded as unworthy of Government assistance, or at all events of careful consideration.

In introducing this motion I referred to the steel bounties. In that case the Government, though opposed to the policy, saw that if

this country was ever to develop it was necessary to assist in the development of the fundamental basis of industry, the iron and steel industries. Relatively speaking, not very much was paid out; but what is the result of that assistance to-day? As I pointed out, the Dominion has received orders for upwards of one billion dollars worth of steel, \$600,000,000 of which has already been manufactured and paid for. Without Government aid we could not have done that; we could not have got that steel outside of our own boundaries. Steel has been produced on the Atlantic coast and as far west as the Soo, and we have been able to tide over what, after the commencement of the war, threatened to be the greatest period of depression that this country had ever experienced, and to make Canada a prosperous country which, during the war, has increased its per capita wealth at a greater rate than at any other period of its existence. Wise Government assistance helped to produce the steel which enabled us to secure orders for munitions. But steel was not sufficient: we needed lead; we needed zinc. We have turned out hundreds of thousands of tons of lead, in bullets for shrapnel, which were shipped to the Allies when they were badly needed, and when, without them, not only would they have been unable to advance, but the enemy might have broken through.

WAR'S STIMULUS AT TRAIL.

Now, let me read an article, "War's Stimulus at Trail," from the *Montreal Gazette*. It says:

The effect of war demands for special metals on the mining industry in British Columbia has been referred to from time to time in connection with developments at the Consolidated Smelters' plant at Trail. These developments have given the company, according to the assistant general manager's statement before an international mining convention the other day, probably as complete a metallurgical institution as there is on the continent.

"I do not mean to say," added Mr. Blaylock, "that it is as large as some others have. We are working about 1,300 men, though, and we are making electrolytic copper, copper sulphate, electrolytic lead, lead pipe, shrapnel wire, electrolytic zinc, gold, silver, sulphuric acid, and hydrofluosilicic acid. All these with the exception of lead, gold and silver have been accomplished since the war was started, and their manufacture was caused primarily by the need for the metals by the Munitions Board."

This is another case in which Government aid to individual enterprise has brought forth great results.

I want now to refer to another question. I remember some years ago, at the time the Hon. W. S. Fielding was Minister of Finance, attending his office with a deputation to request a bounty for the building of steel ships. Those who formed the deputation probably saw far ahead; at all events, history has justified their action and shown their foresight. I think the Government of the day was prepared to grant a bounty for steel shipbuilding; but it was felt, as a result of sounding members of the House, that the granting of further

bounties would be unpopular at that time. Therefore no bounty was granted. If the bounty then suggested had been granted, if, through the upbuilding of the steel shipbuilding industry, we had established shipbuilding concerns on the shores of Nova Scotia and Cape Breton, in British Columbia, in the magnificent harbours of Victoria and Vancouver, and wherever they were capable of being established, how different would our situation be to-day. The cry is for ships and more ships; they are more urgently required than munitions. In France they are looking forward to the arrival of reinforcements from Canada and from the United States. Supposing the United States within the next three months organizes an army of only 500,000 men, how are they to get across to France? It will take 500 ships, or a ship-and-a-half a day for a year, to transport the 500,000 soldiers to reinforce the men at the front. And yet we are not now able to render any help of this kind. We are playing at building a few moderate-sized ships in British Columbia and elsewhere. This is helpful, of course; but if individual effort had been prepared and the capital had been ready, that enterprise could have been established. Even after the war shipbuilding enterprise will be just as necessary as it is to-day, if we are going to extend our area of cultivated land. If we are now exporting two or three hundred million bushels of grain, it will not be long before that quantity will be doubled or trebled, and we shall need ships to carry it.

The Canadian Pacific Railway Company has shown what can be done by individual enterprise, aided in the early stages by the Government. To-day in London you can buy a ticket entitling you to cross the ocean on their steamships, travel across the continent on their trains, stop at their hotels, and cross the Pacific in their steamships to China and Japan. Do you think that would ever have been possible if the Government of the day had not aided individual enterprise? Then, when the company got the measles, the Government gave it first aid and loaned it large sums, in spite of a great deal of criticism. This has all been paid back, and to-day the Canadian Pacific Railway is a tower of strength in this Dominion.

GOVERNMENT SUPPORT OF INDIVIDUAL EFFORT.

It is all very well to talk about individual effort. In this country I imagine that we have a population which is as well able to direct its individual effort towards accomplishment as the population of any other country in the world; but this is not the only country that assists individual effort. During the course of my remarks the other day I read some statements which went to show that even the bankers of Great Britain, who control the exchange of the world, and the Government of Great Britain, realize the necessity of Government aid; therefore, a Royal Charter has been granted to the British Trades Bank. Even Germany, though at war at the present time, sees the

necessity of taking measures in advance. I have before me some information in regard to a new German bank, which reads as follows:

Copenhagen despatches state that plans have been completed for the establishment of a German export bank to assist in the restoration of trade relations with Central and South America and to promote trade generally. Germanic trade organizations and representatives of the Latin American export houses are stated to have met recently in Hamburg, and decided to establish branches in Central America, West Indies, East Asia and Austral-Asia. Where German bank representation is now inadequate the export bank will assist German import houses by granting credit on acceptances, and thus attempt to cut into American and Japanese trade in South America.

Great Britain has already taken action, Japan has taken action, and no doubt honourable gentlemen have all read in the despatches what Australia is doing. The Australian Government is now considering the expenditure of \$50,000,000 to assist private capital, thus recognizing the pressing necessity of aiding individual enterprise. I am not one of those who believe that the Government should take any large measure of responsibility, but it can do a great deal. Whatever Government may be in power should show that they have faith in their country, by standing ready, when men are banded together, offering their labour and enterprise, to extend to their action the kudos of Government approval. I have referred to these facts only as evidence of what has been done, at little cost, to aid individual effort. Just as much can be done for the agricultural interest as for the industrial interest. I will not refer to that at the present time, because the honourable senator for Kingston (Hon. Mr. Richardson), whose name, it has been suggested, should be added to the committee, has intimated to me the outline of a suggestion for the development and increased production of agriculture, which I think is so excellent, that I am only anxious that the committee should be appointed quickly in order that he may place his proposal before them; and if it is adopted I am quite sure it will command attention.

WHAT OTHER COUNTRIES HAVE DONE.

I did not intend to speak at any great length. I introduced my motion somewhat over a month ago. I think that every member of this House who has wished to do so has spoken, and has in an admirable way added to the interest of the debate. I have stated what Great Britain has done, what the United States has done, what Australia is doing, what Germany is doing. I have pointed out that we are now employing 300,000 workpeople directly on munitions, and possibly 200,000 more in the production of other war supplies. When the war is over we shall have to provide these men with new employment, and we shall also have to take care of four, five, or six hundred thousand returned soldiers. I think I have made that clear. No concerted action has yet been taken, so far as I can see, in an endeavour to grapple with

these problems; and I feel that if concerted action is taken there is no better place for the genesis of the movement than in the Upper House of the Parliament of Canada. The representatives in this Upper House are men who have in their various walks of life made their mark; they have had the requisite experience; they are imbued with ideas which experience alone can give; and therefore I thought it was fitting that I should move that a committee should be appointed from this Upper House and should bring forth, not too many recommendations, but certain recommendations which might appeal not only to this House but also to the Government and to the country. Honourable gentlemen, no committee of this House can cover the whole field; but I submit that if this committee can till only a small corner of the field of national endeavour and cause two blades of grass to grow where but one grew before, they will have justified their appointment, they will have done useful public service.

The motion, amended as suggested, was agreed to.

CANADA

The Debates of the Senate

OFFICIAL REPORT

The Senate, August 15, 1917.

REPORT OF SPECIAL COMMITTEE ON CONSERVATION OF CANADIAN TRADE.

Hon. Mr. NICHOLLS moved that the third report of the special committee appointed to inquire into and report upon the best method or methods of conserving and increasing our domestic and overseas trade, etc., be concurred in.

He said: Honourable gentlemen, the report, which has been published in the Proceedings of the Senate, speaks for itself. It is quite full and specific in its recommendations, and I venture to hope that the subject matter dealt with will receive full consideration at the hands of this House, and will be discussed by those gentlemen most competent to give their opinions on the various subjects. The recommendations are:

1. That the Government should, without delay, endeavour to encourage the breaking of a large acreage of wild lands in order that such new soil may be ready for cultivation next year and our productive capacity thereby increased;
2. That if it is found necessary, in order to encourage farmers to bring additional acreage under cultivation, a bounty of a certain sum per acre be paid for each and every acre of wild land put under cultivation and off which a crop is raised during the next ensuing two years;
3. That consideration be given by the Government to the advisability of requesting the co-operation of the several provinces, so that any amount paid out in bounties would be shared by the Dominion Government and the Provincial Governments respectively.

It has been thought by some members of the committee who listened to certain representations that the breaking of wild land and placing it under cultivation would add largely to the wealth of the country. It would also be a boon to the Allies, and in my judgment would go very largely towards preventing the balance of trade receding, which has been in our favour during the last few years. I have no doubt that honourable gentlemen of this House are aware that the balance of trade for the twelve months ending June 30, 1917, receded to the extent of \$25,000,000 below that of the preceding twelve months. We must realize that the prosperity which we are at present enjoying is largely due to the manufacture of munitions and other war supplies, and the exportation of a very large tonnage of grain at very high prices, all of which cannot continue. Therefore it has been suggested, more particularly by the honourable gentleman from Kingston (Hon. Mr. Richardson), that the Government should favourably consider the paying of a bounty on all new wild lands brought under cultivation.

SCARCITY OF FARM LABOUR.

Another fact which is dealt with in the report is that it is almost impossible to secure labour for farming purposes; and it is felt that the proposed bounty would largely absorb the difference that the farmers would have to pay in the way of higher wages in order to secure the necessary help. Probably two weeks ago I, in common with other manufacturers, received a letter from Sir William Hearst, Premier of Ontario, urging all manufacturers, if at all possible, to allow as many of the members of their staffs, both office and operative staffs, to go to work on the farms in order that the crops might be saved and that a great deal of our produce should not be wasted. Unfortunately, I have not that particular letter with me, as I mislaid it. I will read an item from the *Montreal Star*, in reference to the number of hands that are required in the Northwest:

Harvesting to start on August 20.

James Morrison, assistant general passenger agent, to-day received the following advice from Winnipeg, following a meeting held there this morning between representatives of the Dominion, Provincial Governments of the West and the railways:

"The harvest will commence throughout all the Provinces on August 20. The meeting to-day decided 36,000 harvesters are required from Eastern Canada to arrive in Winnipeg, August 20; 20,000 for Saskatchewan, 9,000 for Manitoba, 7,000 for Alberta. Wages will be from \$3 per day up with board."

Another item, which is from a Toronto newspaper, reads as follows:

A significant statement was made by Hon. W. J. Hanna, Dominion Food Controller, yesterday at a meeting of manufacturers from all parts of the province, called by the Organization of Resources Committee of Ontario for the purpose of placing before the manufacturing interests the seriousness of the farm help problem, and the immediate necessity of securing men to save a large part of the 1917 crop from destruction, which is feared if volunteer workers are not forthcoming within the next week or so.

Mr. Hanna said:

"We don't want to say 'must' if you will get the men to the farms. It is imperative that every ounce of the crops shall be saved. In order to accomplish this I am appealing to every employer of labour to release all the men possible without detracting from the immediate work of war. The Government desires to avoid compulsion, if it is possible to obtain the services of ten thousand men voluntarily."

In response to that appeal a meeting was held, which was largely attended, and one of the first questions that came up for discussion was as to who should pay the difference between what the farmer felt himself able to pay and the amount of the volunteer's ordinary wages. The volunteer would have to sacrifice the difference or would have to receive it from some other source if the farmers were unable to pay it. It was suggested that the Ontario Government should pay the difference, but I believe that finally the manufacturers agreed to absorb the difference, notwithstanding that they are rather heavily taxed in the way of special taxation at the present time.

AGRICULTURE THE FOUNDATION OF OUR PROSPERITY.

Now, we are dealing with a very big question, honourable gentlemen, and it seems to me that this method by which we expect to reap our crop, by getting clerks not accustomed to farm labour and every other class of the community to volunteer to go out and reap the crop, will provide us at the best with labour that will be inefficient and I think it should be the duty of some central authorities, either the Federal Government or the Provincial Governments, to deal with such an important question and to deal with it promptly and in a decisive way. After all, agriculture is the foundation of our prosperity. We are reading about our crops, and expect a great harvest that will add materially to the wealth of the country; and yet we are delaying until within two or three weeks of the time that these crops must be gathered before making any provision for harvesting them, and then our method is to hold a few meetings of manufacturers and others and ask that their clerks and other employees shall rush out to the farm lands and do work to which they are entirely unaccustomed, otherwise the crops cannot be saved and there will be a tremendous wastage. In that connection your committee went further and suggested some alternatives. We say:

As alternatives to the payment of a bounty, your Committee advise that the possibility of adopting either or both of the following methods of coping with the shortage of farm labour be considered by the Dominion and Provincial Governments:

1. That where an owner or tenant of wild lands is willing to cultivate the whole or a portion thereof, but is debarred from so doing by reason of lack of capacity to pay for breaking the same or his inability to secure the necessary labour, the Governments break the land with traction engines, charging a moderate price therefor and extending the payment for such breaking over a term of several years;

2. That as a war measure only and for a period to be limited to the duration of war, Asiatic labour be imported under Government control and supervision, that is to say, that during the period from seeding to harvesting farmers shall be furnished by a central authority at a fixed charge, with such imported labour as they may require.

The report of the committee further says:

Your Committee realize the objections that may be raised and with which under normal conditions they would be in accord. Present war conditions, however, call for heroic remedies. The shortage of farm labour must be met and the method of meeting it must be prompt and decisive, if our present production of wheat and other cereals is to be maintained, let alone increased. It would be found that such imported labour by aiding increased production would greatly assist the Allies in the prosecution of the war to a successful conclusion and would be a vital factor in obviating the threatened food shortage in Great Britain and would by reason of a great increase in the area of agricultural lands brought under cultivation, add greatly to our national wealth and become a prime factor in absorbing the national debt—largely increased by reason of the war. Proper provisions could be made that imported labour would be restricted to such localities and be availed of only at such times as would not interfere with the employment of white labour whenever and wherever such was available.

THE QUESTION OF ASIATIC LABOUR.

This is not the only country which has experienced a similar condition. South Africa, after the war, experienced the necessity of importing labour, and I have before me a volume, which I will not read, but to which I will simply refer. It is a publication by the Imperial Government, volume 14 of Accounts and Papers, dealing with "Colonies and British Possessions." It contains a document entitled, "Convention between the United Kingdom and China respecting the Employment of Chinese Labour in British Colonies and Protectorates." The information can be gathered by any honourable gentleman who is interested; but the fact remains that the question was very fully debated by various authorities—the Transvaal Government, the Cape Colony Government, and other Governments in South Africa; and finally the principle of employing Chinese labour was adopted, under, however, special restrictions, which provided that every Chinaman must be registered, and track should be kept of him, that he should be brought over for a specific purpose, and that after his special contract had been completed he should be returned to the same port of entry in China from which he had started.

I know there is a great deal of objection to contract labour or Chinese labour; but I know also that these are special times, when all precedents fail, and I think that the most important matter that this Government can possibly have before it at the present time is not only to save the harvesting of the crop from the area cultivated, but to increase the acreage under cultivation to the greatest extent that labour can be procured to cultivate it. To-day there is a shortage of labour. Next year, with conscription in force, or some other method of adding

to the number of our men to be withdrawn, and rightly withdrawn, for the defence of the Empire, the importance of the consideration of such a question as this will be even more obvious.

I may point out that France is at present importing tens of thousands of Chinese labourers, under a special contract, as was done in the Transvaal, and as it is suggested should be done here. I may tell this honourable House also, if honourable gentlemen are not aware, that not only have many tens of thousands of Chinese labourers already passed through the country, but I am given to understand that thousands of them are at present in camp in this country waiting to be sent over to France, and are detained here simply owing to lack of transportation, and that they will be forwarded as quickly as they can be.

Here we have this state of affairs. We have thousands of willing and energetic labourers being housed and fed here, when they could do the necessary work—when 36,000 harvesters will be required in the Northwest within the next few weeks. The possibility occurs to me that the services of these Chinamen, who are now being housed and fed at great expense and until such time as they can be forwarded across the Atlantic, might be utilized in this country.

AID TO RETURNED SOLDIERS.

In closing, I may say, so far as the bounty is concerned, that the principle has been recognized in Bill No. 116, which was passed in this House last week, entitled "An Act to assist returned soldiers in settling upon the land and to increase agricultural production." I notice that section 1 of that Bill says:

The Board may loan to a settler an amount not exceeding two thousand five hundred dollars for any of the following purposes:

- (a) The acquiring of land for agricultural purposes;
- (b) The payment of incumbrances on lands used for agricultural purposes;
- (c) The improvement of agricultural land;
- (d) The erection of farm buildings;
- (e) The purchase of stock machinery and equipment; and
- (f) Such other purpose or purposes as the Board may approve.
- (g) The money loaned shall be expended under the supervision of the Board.

It is true that this Act applies only to returned soldiers, but so far as it goes it will aid in increasing production while aiding the returned soldiers. But the report of the committee, honourable gentlemen, is brought forward for the purpose of inviting discussion, and in the belief on my part, as chairman of the committee, and, I think, on the part of other members of the committee, that we can give attention to the present needs of the country in no better way than by considering what are the best methods, not only of taking care of our present areas under cultivation—by intensive cultivation—but also of doing what can be done to increase that area, so that we may in-

crease our national wealth, that we may keep our bounds of trade more stable, and that we may be of assistance to the Allies in increasing our supply of the food products which they need so much.

I may also use another argument, although I prefer to allow most of the arguments to be advanced by other honourable gentlemen in this debate. We shall shortly have in this House a Bill for the acquisition of the Canadian Northern Railway. That means that this Government will own and control between nine thousand and ten thousand miles of operating railroad, for which the country is to be responsible. Nothing would better help the railway, and to the same extent the country, than that it should have ample traffic at the earliest date possible. That is a new railway, running through a new district. There are on either side of it hundreds of thousands, if not billions, of acres of wild lands. Now, if those lands can be brought under cultivation under some system as that of granting a bounty for the breaking of new land, or of providing imported labour for the period of the war, it will not only add directly to the wealth of Canada, which is the production that comes from the soil, but it will lessen any losses or add to any profits made by the Government railway to be, that will serve very largely the new districts in which these wild lands are situated.

Honourable gentlemen, "on our own head, in our own hands, the sin or saving lies." I am making that quotation because it is the quotation made by the Lieutenant-Governor of Cape Colony when introducing the Bill for the utilization of imported labour.

CANADA

The Debates of the Senate

OFFICIAL REPORT

The Senate, August 22, 1917.

SHIPMENT VIA CANADIAN PORTS.
(On Motion by Hon. D. O. L'ESPERANCE.)

Hon. Mr. NICHOLLS: I do not intend to take up the time of the House at any length; but I have listened with a great deal of interest to the honourable gentleman for the Gulf division of Quebec (Hon. Mr. L'Esperance), and I think he has done rightly in calling the attention of this honourable House to the subject matter of his motion. I am particularly interested in it from the standpoint of foreign trade and the future of our trade after the war, and in my few remarks I propose to deal with this question on a broader basis than that of the mere question of adding to the shipping facilities of Quebec and using it more frequently as a port from which our exports should be shipped. I have before me a paragraph from a speech by Dr. Emery R. Johnson, Professor of Transportation and Commerce at the Pennsylvania University, one of the highest authorities on transportation in the United States. It is very brief. It reads:

A country of continental proportions can engage largely and profitably in foreign trade only if equipped with economical means of transportation both by land and by sea. The country well supplied with railways and inland waterways that are co-ordinately and efficiently managed and that serve all sections capable of settlement and development is able to engage successfully in the production of exports and to make profitable use of large quantities of imports both of raw materials and of more or less completely fabricated manufactures. The entire country with all its resources and energies may engage in industrial competition with other countries and sections of the world.

The point to which I wish to draw the attention of this honourable House is that our land transportation and our ocean transportation have not been and are not now co-ordinated. We have spent in round figures, \$200,000,000 in developing our canal system. We have spent another \$200,000,000 in what might be called facilities for water

transportation in the way of dredging harbour facilities, wharves, docks, and so forth. To that \$400,000,000 may be added hundreds of millions of more dollars spent for the development of our railway facilities. Now, that is all spent for one purpose without any co-ordination in so far as ocean traffic is concerned. Let me give an example of what I call businesslike co-ordination for the purpose of reaching a desired end. The Canadian Pacific Railway has a transportation line to the Pacific Coast and it has at Vancouver its own fleet of ocean steamships. That is co-ordination. It is able to bring the traffic of the Far East to the western hemisphere. It not only adds very largely to the employment of capital and labour in Canada, but it adds to our national wealth, and advertises Canada more effectively, I believe, than any other advertisement. We are about to have before us in this honourable House—at all events, there are this afternoon being discussed in the other House—proposals for the taking over by the Government of the Canadian Northern Railway.

That will give us, with the Intercolonial Railway, a through line from the Atlantic to the Pacific; and, as the honourable member from the Gulf ports says, we have the most magnificent harbours in Montreal and Quebec. I rather object to Quebec being cited specifically, because at St. John and at Halifax we have spent many millions of dollars in improvements. The question is whether the attention of this House should not be seriously directed to the fact that there is now an opportunity for the Government to give consideration to the question of co-ordinating our inland and our ocean transportation, to the end that the hundreds of millions of dollars already spent on our inland systems of communication and for the improvement of our waterways should be so utilized that this country can get the benefit of through overseas traffic by national shipping through national ports.

SCOPE FOR SHIPBUILDING.

You will understand that something has to be done when I tell you that there is plenty of scope for shipbuilding. For five years before the war the total average tonnage of shipping throughout the world was three million tons. Several million tons have been destroyed during the war by mines, by submarines, by wrecks, and by accidents, and in addition nearly every ocean-going steamship plying along the trade routes is practically worn out because there has not been time to lay up for repairs owing to the urgent necessities of transportation. The United States has seen the necessity of taking action of this kind, and the Underwood Tariff Bill, which was passed in 1906, I think, made provision for the encouragement of the use of American ports and bottoms owned by or registered in the United States. By that Bill, provision was made that all goods imported into American ports in American bottoms should receive a discount of 5 per cent. on the customs duty.

Hon. Mr. RICHARDSON: They did not get it.

Hon. Mr. NICHOLLS: The provision is on the statute book. Perhaps the honourable member from Kingston can tell me whether that has been repealed or has not been put into effect.

Hon. Mr. RICHARDSON: It was put into court and has been kept there for the last two or three years, and has not become effective.

Hon. Mr. NICHOLLS: I cite it as an evidence that the leading men of that country thought it necessary to make that provision in order to encourage the use of American ports and bottoms; and if the first attempt was not successful, I have no doubt it will be followed up by some other method that will succeed. But I may show in another way that the United States is fully seized of the importance to American trade of providing facilities for overseas traffic in its own bottoms.

SHIPBUILDING IN THE UNITED STATES.

General Goethals, one of the leading engineers of the United States, the chief engineer for the construction of the Panama canal, says:—

A big beginning has been made, with both wooden and steel construction. Contracts have been let for 348 wooden ships, with a total tonnage of 1,218,000 and negotiations are under way for 100 more of these vessels. Contracts have also been let for 77 steel ships, with a tonnage of 643,800. Thus work is now in progress on 425 vessels, with a tonnage of 1,861,800, and the full programme contemplates the production of more than three million tons within eight months.

Hon. Mr. CASGRAIN: Are those wooden vessels?

Hon. Mr. NICHOLLS: Wooden and steel. I may tell you that during the first six months of this current year, 1917, shipbuilding companies in the United States have been incorporated with an aggregate capital of \$200,000,000; yet Canada's effort has been the letting of a few contracts for wooden ships for war purposes, and which are not even to be owned in Canada.

Hon. Mr. CASGRAIN: Why will they not be owned in Canada?

Hon. Mr. NICHOLLS: Because they are sold to the British Government, and have been registered in Great Britain. To show the facilities we have, the tonnage of the port of Montreal alone was three millions in 1900, six and one-half millions in 1910, and nine millions in 1914. Those figures show that we have the facilities if we had our own ships. I am quoting Montreal as the principal port; but any gentleman can easily get the figures of the other ports, which mount

up very largely. The harbour elevators in Montreal handled, in 1907, one million bushels of grain; in 1908, nine millions; in 1909, twelve millions; in 1910, twenty-one millions; in 1911, twenty-one millions; in 1912, twenty-six millions; in 1913, forty-four millions; in 1914, the year before the war, sixty-two millions of bushels. From these figures honourable gentlemen will see that the Government has not been backward in well-doing so far as concerns the providing of facilities for handling the trade; but provision was not made to prevent that trade from being handled almost entirely by foreign interests. The point I am trying to make is that the attention of the Government should be called to the necessity of co-ordination between our inland system and our overseas system. In 1913 I was one of a deputation that waited on the Government and presented a memorial, two paragraphs of which I will read:—

Canada is so placed between Europe and the Far East that she should be able, if her land and water transportation systems were well developed and skilfully combined, to add to her other commercial advantages an immense carrying trade between those two enormous masses of population. As long, however, as the Canadian transportation system is weak on its water side this possibility cannot be realized.

WHAT CANADA LOSES.

Apart from this, the atrophy of the Canadian marine deprives the country of profits at once possible and immense; and in addition inflicts positive and severe loss. Including allied and subsidiary interests not far short of 200,000 persons draw pay from the railway industry of Canada; that is, not far short of a million Canadians are supported by it. Thus not only do the producers of Canada get their goods carried, but the carriage of those goods greatly increases their home market. Further, the producers have under substantial control the rates at and conditions under which their goods are carried; and they value this control highly.

Compare with this the marine carriage of Canadian goods. It is very largely done by non-Canadians. On the Great Lakes Canadian shipping amounts to a contemptible fraction of the total bulk of tonnage afloat. On the ocean Canadian ships in 1911-12 carried only about one million out of nine million tons carried to and from Canadian ports; and in addition huge quantities of Canadian goods had passed through American ports. We are using non-Canadian ports and non-Canadian ships. Canadians pay from \$30,000,000 to \$50,000,000 yearly in ocean freight rates, and these almost wholly go to outsiders; compare what we get in increased development, in increased home markets, from the \$150,000,000 which Canadians pay annually in railway freight rates. Associated with this is entire lack of control of water transportation rates. At the moment when a powerful effort is being made to force the railways to lower their rates, ocean rates are shooting up with scarcely a word of comment.

In our railway freight rates on land transportation we have the public protected by means of the Dominion Railway Commission; but the whole value of that protection may be destroyed if, after carrying our produce over lines that have cost the country hundreds of millions of dollars, and delivering it at Canadian national ports that

have also cost Canada additional hundreds of millions, we are forced to abide by whatever rate the foreign ship-owner chooses to charge us in order to get our goods to market. It is for that reason that I claim that greater attention should be given to the co-ordination of land and overseas transportation; and, until that co-ordination is achieved, we can never be a successful exporting country.

The honourable gentleman who introduced this motion did not suggest any substantial remedy; and, although I am not going to move any amendment, I would suggest to him and to this House that what I am now going to deal with might be a means of providing a remedy. Mr. J. A. Farrell, the president of the United States Steel Corporation, the largest commercial corporation in the world, recently presided at the National Foreign Trade Convention of the United States, and in closing he used these words:

In sober truth the motto of this convention, "Greater prosperity through greater foreign trade," might with entire correctness be made to read, "No enduring prosperity without foreign trade."

CREATION OF A SHIPPING BOARD.

Neither can we have enduring prosperity, nor can we have foreign trade, unless we secure such co-ordination between our land transportation and our ocean-going transportation as will enable us, at least in a measure, to compete with the subsidized overseas traffic of Germany and other competing nations. The suggestion I would make as to a method that might, at all events, assist in alleviating the evil complained of, would be the passage of an Act similar to the Shipping Bill passed in the United States in 1915. That Act created the Shipping Board, somewhat in the lines of the Interstate Commerce Commission, and appropriated fifty million dollars for the purpose of establishing lines of shipping by granting subsidies, and in other ways. I do not refer to the question of granting subsidies so much as to the great value that a Shipping Board would be, if for no other purpose than to gather information, to make recommendations, and to make some virile effort to overcome the evil mentioned. I think all of us will admit that the Dominion Railway Board has been of great benefit to the people of this country, and I believe that the railways themselves, who were at first averse to its appointment, will admit that that board by its fairness has been of great benefit to the railways themselves as well as to the people.

Hon. Mr. CASGRAIN: Hear, hear; that was a Liberal measure.

Hon. Mr. NICHOLLS: If we were to institute a Shipping Board that would take up this whole question and co-ordinate the rates between overseas and inland transportation so that we could get

through rates not only for all the produce, the wheat and the coarse grains, that we expect to export, but for manufactures and everything else, Canada might feel that she was able to enter into competition with the cargoes of the world. No country in the world has ever done so much as Canada, with her small population, on the northern half of this continent; but there is plenty of room for us to do more, and here is the way in which we can help ourselves, help the country, and help the Empire.

THE FOREIGN TRADE QUESTION

(Written for the *Canadian Manufacturer*, February 20, 1885, that is,
33 years ago, by FREDERIC NICHOLLS.)

The *Hamilton Times* takes exception to that part of Mr. Elliott's address at the recent annual meeting of the Ontario Manufacturers' Association, which advocated the appointment by the Dominion Government of commercial representatives whose duty would be to further, by every means in their power, the trade relations of Canada with foreign countries, and argues that so long as the National Policy tariff continues in force our manufacturers cannot expect to extend their trade relations beyond the boundaries of the Dominion.

Although it has never been claimed, even by the most sanguine believers in a possible foreign trade for Canadian manufacturers, that we can compete in every line with England and the United States, it is a well-known fact that there are a number of special lines which we could export with profit, provided always that we have such connections abroad as would enable us to place our goods in neutral markets on equal terms with other countries.

DISADVANTAGES OF OUR MANUFACTURERS.

The President of the Manufacturers' Association was well informed when he contrasted the disadvantages of our manufacturers as compared with those of countries which had a well-organized system of foreign representation by intelligent agents, ever on the alert to further the interests of the nations in whose service they were enlisted. Were it not for this fact of course the agitation for the establishment of a similar system by the Canadian authorities would be unreasonable, and open to censure, but no person acquainted with the commercial relations of other nations can overlook the fact that, at present, should any Canadian manufacturer send, at his individual expense, a representative abroad for the purpose of acquiring trade information the cost of the trip would have to be a first charge upon the profits of any goods that might thus be sold, and consequently other things having been equal a higher value would have to be placed on such goods than would be asked for by the foreign competitor who had the required information furnished him for the mere asking and free of all cost, but which has cost his Canadian rival a large sum of money to find out for himself.

As an illustration of the paternal policy of some nations, we instance a case which exemplifies, in a striking manner, the advantages that eventually accrue to a country which wisely adopts means of acquainting its manufacturers with the condition of foreign markets. We read that an exhibition was recently held in Altona, one of the suburbs of Hamburg, where goods were shown intended for export to China. The various articles had been bought in the district by the German Consul at Canton, and the object was to familiarize the makers and exporters with the quality, shape, dimensions, and mode of packing goods intended for the Chinese market. With a view to further improve the occasion the same exhibition was taken to Stettin, Hanover, Flensburg, and other towns, while a catalogue gave explanations to show the colours, the brands, and the method of folding the stuffs which find most favour in China, the native buyers being very particular as to whether a piece of goods is done up in a blue or red paper, and as to whether it is fastened with a black or a white string. By paying attention to such details, it is stated that one German house receives a far better price for goods only sixty inches wide than other houses can get for similar goods seventy-two inches in width.

OTHER GOVERNMENTS AID THEIR MANUFACTURERS.

It will thus be seen that from the starting point our manufacturers are seriously handicapped by the absence of such powerful assistance as is rendered those of other countries by their respective Governments, and an extract clipped from the Liverpool, England, *Journal of Commerce* gives us an idea of the manner our action, or rather want of action, is viewed by unprejudiced observers across the ocean. Our English free trade contemporary, in the course of an article entitled "The Progress of Canada," says:—

"The time has now passed when Canada, as a Crown Colony, can solely depend upon the aid of the consuls and representatives of Great Britain in different countries. Indeed, to expect a British Consul to keep himself thoroughly *au fait* as regards the annually increasing products of Canada and the articles which she exports is to expect too much. Again, in the case of Canada there are many articles of export which come into actual and even successful competition with those of Great Britain. Take, for instance, agricultural implements, also organs and other musical instruments, and many other articles to which our space will not permit us to refer. It would be unfair to the British taxpayers to expect their consuls to pay attention to Canadian articles when they come into competition with the produce of England, seeing that Canada is in no way contributing to the revenue of Great Britain or paying anything towards the support of her ambassadors or consuls. But in this question of representatives abroad Canada ought to be more liberal in her arrangements. As she becomes still more an exporting country this will become an absolute necessity. The United States and other countries have seen the advisability of dealing liberally with those who put forth their best energies in extending trade, and Canada must for her own sake follow their example."

This unqualified expression of opinion from a leading commercial paper in the greatest free trade country on earth is a rebuke to such of our own papers as are only interested in opposing the extension of Canadian commercial relations from a party standpoint. Such a question as this should be argued on patriotic grounds, and as the experience of the most successful nations has all been in favour of commercial representation abroad it is fair to assume that Canada will also profit by the adoption of such a plan on a limited scale to suit present requirements.

But even under adverse circumstances, Canadian manufacturers have made some progress towards securing outside markets, and by meritorious enterprise have succeeded in finding a profitable sale for such goods as sewing machines, musical instruments, agricultural implements, boots and shoes, hand farm tools, leather and manufactures of leather, household furniture, woodenware in great variety, etc., and who can estimate how much greater progress might have been made in this direction had such sources of information been open to us as are at the disposal of, say, the English or American citizen.